

Message Text

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73

ACTION COME-00

INFO OCT-01 NEA-09 ISO-00 CAB-02 CIAE-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 FAA-00 MC-02 AID-05 FRB-03

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 OMB-01 L-02

NSC-05 SS-15 STR-04 CEA-01 PA-01 USIA-06 PRS-01 /080 W

----- 006885

R 231310Z APR 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8290

INFO AMEMBASSY BEIRUT

AMCONSUL BOMBAY

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BEIRUT FOR RCAA DWOR

E. O. 11652: N/A

TAGS: EAIR, IN

SUBJ: AIRCRAFT SALES: WE LOST IT

REF: NEW DELHI 4763 AND EARLIER

1. PETER MINGRONE CONFIRMS DELHI NEWSPAPER ARTICLES TODAY THAT THE GOVERNMENT OF INDIA HAS DECIDED TO BUY THREE A-300 AIRCRAFT. FROM WHAT WE CAN MAKE OUT, THE AIRBUS PEOPLE WERE SO DESPERATE FOR A SALE THAT THEY THREW EVERYTHING IN BUT THE KITCHEN SINK. PETER MINGRONE TELLS US THAT THEY CUT THE FINAL SALES PRICE TO \$23 MILLION FOR EACH AIRCRAFT AND FINANCED THE ENTIRE SALE AT AN INTEREST RATE UNDER 8 PERCENT. THEY ALSO REPORTEDLY OFFERED ATTRACTIVE TERMS ON OTHER ITEMS THE INDIANS MIGHT BE INTERESTED IN ACQUIRING, INCLUDING OIL FIELD TECHNOLOGY, AND HELICOPTER CONSTRUCTION (NEW DELHI 4377), AND GAVE A CONTRIBUTION OF \$1.5 MILLION TO THE CONGRESS PARTY. (MINGRONE TELLS US THAT LOCKHEED WAS SOLICITED FOR A SIMILAR CONTRIBUTION, BUT REFUSED ON GROUNDS THAT IT HAD ALREADY OFFERED A ROCK BOTTOM PRICE

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ON THE AIRPLANES). MINGRONE HAS AN APPOINTMENT WITH LAL AT

5 O'CLOCK TODAY, AND WE'LL REPORT IF ANYTHING INTERESTING COMES OUT OF THE SESSION.

2. AT THIS POINT, WE STILL HAVE NOT SORTED OUT ALL OF THE FACTORS THAT ENTERED INTO THE DECISION. SOME OF THE THINGS MINGRONE REPORTS TO US WE SUSPECT ARE MERELY RUMORS. WE HAVE NO DOUBT FROM OUR CONVERSATION WITH AIR CHIEF MARCHALL LAL (NEW DELHI 2088 AND 2089), THAT IF THE QUALITY OF THE AIRPLANE WAS THE ONLY CONSIDERATION, LOCKHEED WOULD HAVE WON HANDS DOWN. WITH AN ORDER OF THIS MAGNITUDE AT STAKE, AND WITH FOLLOW ON SALES SURE TO RESULT FOR WHOEVER GETS THE FIRST ORDER, WE DON'T DOUBT THAT A LOT OF SHARP DEALING WENT ON. MOREOVER, WITH THE REVERSAL OF THE ARMS SALES, THE POLITICAL CLIMATE WAS BAD, OVER-ALL, HOWEVER, OUR INITIAL STRONG IMPRESSION IS THAT THE ENORMOUS UNDERCUTTING ON THE INTEREST RATE BY THE AIRBUS CONSORTIUM DID US IN.
SAXBE

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Margaret P. Grafeld
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05 JUL 2006

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